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Date: February 17, 2015

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Arizona Corporation Commission

ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

1200 West Washington St.

Phoenix, AZ 85007

From: Robert T. Hardcastle
Brooke Utilities, Inc.

FOR FILING ORIGINAL AND 13 COPIES INTO:

DOCKET NO. W-03515A-14-0310

IN THE MATTER OF THE APPLICATION OF TONTO BASIN WATER
CO., INC., AN ARIZONA CORPORATION, FOR A DETERMINATION
OF THE FAIR VALUE OF ITS UTILITY PLANTS AND PROPERTY)
AND FOR INCREASES IN ITS WATER RATES AND CHARGES FOR
UTILITY SERVICE BASED THEREON.

By:

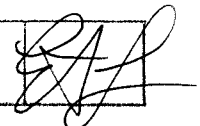

Robert T. Hardcastle

Arizona Corporation Commission

DOCKETED

FEB 17 2015

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ORIGINAL

BEFORE THE ARIZONA CORPORATION COMMISSION

Robert T. Hardcastle
P.O. Box 82218
Bakersfield, CA 93380-2218
Representing Itself In Propia Persona

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AZ CORP COMMISSION
DOCKET CONTROL

COMMISSIONERS

Sandra Bitter Smith, Chairwoman
Bob Burns, Commissioner
Doug Little, Commissioner
Tom Foresee, Commissioner
Bob Stump, Commissioner

IN THE MATTER OF THE APPLICATION) **DOCKET NO. W-03515A-14-0310**
OF TONTO BASIN WATER CO., INC.,)
AN ARIZONA CORPORATION, FOR A) **BROOKE UTILITIES, INC.'S**
DETERMINATION OF THE FAIR VALUE) **NOTICE OF FILING**
OF ITS UTILITY PLANTS AND PROPERTY) **DIRECT TESTIMONY**
AND FOR INCREASES IN ITS WATER)
RATES AND CHARGES FOR UTILITY)
SERVICE BASED THEREON)

Brooke Utilities, Inc. ("Brooke") hereby files the Direct Testimony of witness
Robert T. Hardcastle in the above referenced matter.

RESPECTFULLY SUBMITTED this 13th day of February 2015.

Brooke Utilities, Inc.

By: 

Robert T. Hardcastle
In Propia Persona

1 ORIGINAL and 13 copies filed
2 this 13th day February 2015, with:
3

4 **Docket Control**
5 **Arizona Corporation Commission**
6 **1200 West Washington St.**
7 **Phoenix, AZ 85007**
8

9 And copies mailed to the following:

10
11 Teena Jibilian, Administrative Law Judge
12 HEARING DIVISION
13 Arizona Corporation Commission
14 1200 West Washington St.
15 Phoenix, AZ 85007
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28 Tonto Creek Trail RV Park, Inc.
29 Gary and Margaret Lantagne, Owners
30 P.O. Box 669
31 Tonto Basin, AZ
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33 JW Water Holdings LLC
34 Tonto Basin Water Co., Inc.
35 P.O. Box 200505
36 Denver, CO 80220
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3 Utilities Division
4 Arizona Corporation Commission
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8 By: 

9 Robert T. Hardcastle
10 Brooke Utilities, Inc.
11
12

EXHIBIT 1

DIRECT TESTIMONY
OF
ROBERT T. HARDCASTLE, PRESIDENT
BROOKE UTILITIES, INC.

February 17, 2015

INTRODUCTION:

Q1: Please state your name, occupation, and business address.

A1: My name is Robert T. Hardcastle. I am the President of Brooke Utilities, Inc. and former owner of Tonto Basin Water Co., Inc. until May 31, 2013. My business address is 3101 State St., Bakersfield, CA 93308.

Q2: Briefly describe your responsibilities as President of Brooke Utilities, Inc.

A2: I am responsible for the financial, managerial, administrative, operational, and regulatory compliance and performance of Brooke Utilities, Inc. and two subsidiary Arizona public service companies.

Q3: Please describe your educational background and professional experience.

A3: I received a Bachelor of Arts degree from University of California, Los Angeles in 1976, a Master's degree in business from The Drucker School, Claremont Graduate University in 1984, and attended law school from 1992-1994 at the California Pacific School of Law.

I have operated in my current primary responsibilities for Brooke Utilities, Inc. and numerous subsidiaries and affiliates continuously since October 1995 in Arizona. I regularly attend various water utility industry conferences and educational programs and successfully graduated from the National Association of Regulatory Commissioners ("NARUC") rate school in 1999 and 2005. Since 1995 I have been closely involved in no less than seven rate applications of Class B, C, and D water utilities.

Q4: What is the nature and scope of your testimony?

A4: I am interested in Applicant's rate application from the standpoint of the Stock Purchase Agreement (the "Agreement") entered into between Brooke Utilities, Inc. and JW Water Holdings, LLC, owner of Tonto Basin Water Co., Inc., dated May 31, 2013 and various issues related to the test year used in the rate application and the financial affect upon the setting of rates as it

relates to the Company's rate base, approved operating expenses, and other matters in the rate application.

Q5: Specifically, what is your concern with the test year used by Tonto Basin Water Company, Inc. in its rate application?

A5: Tonto Basin Water Company, Inc. used a test year ending June 30, 2014 which is inconsistent with the terms and conditions of the Agreement between Brooke Utilities, Inc. and JW Water Holdings, LLC. The Company contends that the decision not to use the test year specified by the Agreement resulted because Commission Staff recommended that the June 30, 2014 test year be used instead of that provided in the Agreement. The reasons for this alleged recommendation are unknown, except as a convenience to the parties. The effect of that recommendation, and Tonto Basin Water Company, Inc.'s acquiescence to its use of the filed test year, may have direct and substantial effects on the financial capability of its parent holding company to meet its obligations under the Agreement. At the very least it is unknown what affect it could have upon the parent holding company. The outcome of the rate application hearing, Recommended Opinion and Order developed by the Hearing Division, and the final decision by the Commission potentially puts Brooke Utilities, Inc. in the dubious position of not knowing whether or not JW Water Holdings, LLC, and its subsidiary Tonto Basin Water Company, Inc., can successfully perform under the terms and conditions of the Agreement for the duration of its term.

Q6: Does this conclude your Direct Testimony?

A6: Yes.